

Reply Brief  
Serial No. 09/686,641

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BOARD OF PATENT APPEALS AND INTERFERENCES**

In re patent application of:  
Mittal, et al.

Atty. Docket No.: JP920000234US1

Serial No.: 09/686,641

Group Art Unit: 3622

Filed: October 10, 2000

Examiner: Jeffrey D. Carlson

For: DYNAMIC ON-LINE LEARNING SYSTEM FOR ELECTRONIC COUPONS  
USING A ON-LINE AUCTIONS

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Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**APPELLANTS' REPLY BRIEF**

Sirs:

This Reply Brief is being filed in response to the Examiner's Answer dated December 9, 2008, is being filed within two months of the date of the Examiner's Answer and is therefore timely filed.

**I. Rejection Based on Freeny, Jr., Godin, and Schulze, Jr.**

The 12/09/2008 Examiner's Answer urges Board to affirm the rejection of claims 1-5, 8, 9, 12, 17-18, 20-24, 27-28, 21, 36-37, 39-43, 46-47, 50, 55-56 and 58-61 under 35 U.S.C. § 103(a) over Freeny (US6513016) in view of Godin (US5890138) further in view of Schulze (US6497360).

Claims 1, 20 and 39 are independent claims.

Applicants note that Freeny is entitled "Automated Synchronous Product Pricing and Advertising System." The Abstract indicates that Freeny is directed to "[a]n automated product pricing system including a physical store system, a virtual store system, and a control system." (see Freeny, Abstract, ll. 1-2).

Freeny principally discloses synchronizing a retailer's shelf prices with the pricing information used by the store checkout computers. Freeny notes the importance of accurate shelf pricing at col. 1, ll. 25-27 and again when it states that "Government regulations that prices on shelves (product location prices) do not exceed product checkout / order prices are satisfied, and consumer irritation with such price discrepancies is vastly reduced." (see for example, Freeny, col. 12, ll. 21-25). The Godin reference describes an auction system that provides rapid feedback of a reverse auction process, removing the user once an indication to purchase is received. Schulze describes a system that allows retailers to accurately collect and promptly report information in connection with the redemption of manufacturer coupons.

In regard to independent claims 1, 20 and 39, the Examiner's answer appears to assert that Freeny discloses "redeemable electronic coupons" since "[t]he coupon system is taken to be electronic as the coupon data is stored on the computer and can be electronically changed" (Examiner's Answer, p. 3-4).

Applicants note that Freeny states "[t]he physical store system 14a, in general, is constructed to display a product location price indicating the unit price of a product... to selectively print coupons, transmit video and/or audio advertising messages including the product checkout price on a store product advertising media unit 44 ..."

Thus, Freeny or any of the art of record simply fails to disclose at least the feature of "redeemable electronic coupons" as recited in independent claims 1, 20 and 39.

The Examiner's Answer admits that Freeny does not teach the use of auction data. (Examiner's Answer, p. 4). Thus, the Examiner's Answer attempt to combine Freeny with Godin's auction system.

Appellants have previously argued the impropriety of combining Freeny's system of ensuring synchronization of store shelf pricing with an auction system. The Examiner's Answer asserts one of ordinary skill in the art would look to Godin's auctions since they are a rich collection of price/demand data for creating promotional pricing. However, the Examiner's Answer is silent as to how Freeny's system directed to

synchronizing store prices at the risk of Governmental fines, would deal with dynamically adjusting prices. Moreover, because Freeny is essentially directed to regulatory compliance, it ensures the customer gets the lower of the newly adjusted price or the current price and thus fails in the purpose cited by the Examiner's Answer.

The Examiner's Answer appears to assert that the collection of payment and address elements in Godin's auction system are "means for automatically conducting online auctions using defined parameters for specified goods and/or services, wherein said parameters comprise non-quantitative attributes comprising cultural attributes of bidders of said online auctions."

The Examiner's Answer states that "[c]ulture is such a broad term that any characteristic can be used to define a "culture"; the type of people using American Express cards can be said to belong to a credit card culture different than Visa card holders" (Examiner's Answer, p. 5).

However, Appellants submit that there is no suggestion that Godin uses the address and payment information except to pay for and deliver the auction goods. The interpretation offered by the Examiner's Answer is untenable in light of clarification afforded by the Appellants' Specification which notes that cultures may react in culturally specific and predictable ways within an auction. Thus, the Appellants' Specification notes the import of the concept of "boni" or first daily transaction in some cultures, for which a merchant and customer expect lower prices. (Specification, p. 15) Without the feature directed to "...conducting online auctions using defined parameters for specified goods and/or services for getting market information wherein said parameters comprise non-quantitative attributes of bidders of said online auctions," these auctions may perform poorly.

The Examiner's Answer assertion that names determine cultural identity is misplaced even in light of the Godin reference. Names are changed by law on marriage, a legal name change and similar events. Thus, a Scottish "sounding" last name may indicate nothing about a married woman's acculturation since she may be French born

and acculturated and merely married to a Scot. Similarly, presence in a given region may indicate familiarity with the predominant culture and/or may merely reflect a work assignment during which little was gleaned from the culture except exposure to an expatriate enclave. The Examiner's Answer conflates inferences with attributes.

Moreover, the assertions concerning the American Express and Visa card cultures impermissibly remove the commonly understood meaning from terms recited in the claims, are inconsistent with the dictionary meanings Appellants have consistently argued and are therefore improper.

In regard dependent claims 2, 21, 40, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features of access to different types of auctions including sealed-bid auctions, open-cry auctions, Dutch auctions and reverse auctions. Appellants can discern no indication of a reference to, for example, open-cry auctions.

In regard dependent claims 3, 22, 41, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Similarly these claims also define patentable subject for at least these features as well as based on their recited features to wherein said means for obtaining the demand data from online auctions is through software means to start capturing the demand data from the time the auction starts to the time it ends. Appellants can discern no indication the capture of the start and end time.

In regard dependent claims 17, 36, 55, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features of "... determine the decrement size in a descending Dutch auction." Appellants can discern no indication of a reference to, determining decrement sizes.

In regard dependent claims 8, 27 and 46, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define

patentable subject for at least these features as well as based on their recited features of wherein said promotion scheme parameters include the collection of items or products or services to be discounted, the amount of the discount, the nature of the discount, market segment for the promotion scheme, duration of promotion scheme and identification of methods of offering the scheme. Appellants can discern no indication of a reference to, for example, nature of discount, duration and identification of methods.

In regard dependent claims 9, 28 and 47, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features of wherein said means for estimating the market demand curve is by considering the fractional demand at a particular price, the fraction of population that is willing to pay the price, computing the product of the fractional demand and the demand at zero price i.e. the size of the market willing to buy the product at zero price.

The Examiner's Answer urges the conclusion that the feature is taught by the combination simply by the notion of creating a price demand curve. Appellants respectfully submit that the claims are directed to estimating the market demand curve given the above-argued inter-relationship of the features of the parent claims, such as the "non-quantitative attributes..." The feature must be analyzed in context.

In regard dependent claims 12, 31, 50, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features of market segments. The Examiner's Answer asserts plural auctions for different products inherently define segments based on the product type. However, the assertion fails to indicate how to cover the market segments and suggest a promotion scheme. In particular, Appellants claims recite "...means for obtaining demand data includes the ability to cover multiple market segments and suggest a promotion scheme targeted to different market segments." Appellants Specification provides additional detail at, for example, p.14-16 explaining the use of the term market segments.

In regard dependent claims 18, 37, 56-61, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features.

## **II. Rejection Based on Freeny, Jr., Godin, Schulze, Jr., and Hirshleifer**

The 12/09/2008 Examiner's Answer urges the rejection of claims 7, 14-16, 26, 33-35, 45 and 52-54 under 35 U.S.C. § 103(a) over Freeny (US6513016) in view of Godin (US5890138) further in view of Schulze (US6497360) and Hirshleifer ("Price Theory and Applications, Prentice Halls, 1980, pp. 132-135").

The combination in the Examiner's Answer is asserted to teach optimal pricing analysis using price-demand curves, (see Examiner's Answer, p. 8). It is asserted that Freeny's generation of coupons is a determination that a product is amendable to price discrimination. The Hirshleifer reference describes a demand curve and the price elasticity of demand.

In regard dependent claims 7, 16, 26, 35, 45 and 54, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features.

In regard dependent claims 14, 33, 52, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features of wherein said means for estimating the demand curve uses the winning bid and the highest bids of all the bidders for the case of open-cry or ascending auctions while for the descending auctions namely, Dutch auction only the winning bid is used.

The Examiner's Answer asserts the use of auction data as sales data as input into Freeny, Jr.'s system is to provide including winning bids in all of the auctions. A winning bid is in fact a subset of the highest bids. Appellants exploit this and recite both the winning and the highest bids in the claimed features. The Examiner's Answer merely

repeats the feature without even an assertion as to how the asserted combination directed to auctions would incorporate this feature.

### **III. Rejection Based on Freeny, Jr., Godin, Schulze, Jr., and Day**

The 12/09/2008 Examiner's Answer urges the rejection of claims 10, 11, 13, 29-30, 32 48-49 and 51 under 35 U.S.C. § 103(a) over Freeny (US6513016) in view of Godin (US5890138) further in view of Schulze (US6497360) and Day (US5857175).

Day describes a paperless coupon system which tracks customer purchasing behavior allowing manufacturers to select which consumers obtains discounts and how big a discount. (Day, col. 2, ll. 37-42).

In regard dependent claims 10, 29, 48, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features.

In regard dependent claims 11, 30, 49, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features.

In regard dependent claims 13, 32, 51, Appellants note that these dependent claims include the features of independent claims 1, 20 and 39. Thus, the claims define patentable subject for at least these features as well as based on their recited features of "...means for suggesting discounting of a cross selling or an up selling product to the product being auctioned." The Examiner's Answer conflates upselling with quantity selling. Appellants respectfully submit that Appellants Specification defines the terms at, for example, p. 18, ll. 4-14.

### **IV. Rejection Based on 35 U.S.C. §101**

The Examiner's Answer offers a rejection of claims 2-27 and 26-37 under 35 U.S.C. § 101 as directed to non-statutory subject matter. Applicants respectfully traverse this new rejection.

The Federal Circuit has provided guidance in the application of 35 U.S.C. §101 in the *In re Bilski* decision (*In re Bilski*, 545 F.3d 943 (CAFC 2008)). The subject claims in *Bilski* were directed to a method of hedging risk when trading commodities. The Federal Circuit upheld the decision of the Board that the claims were directed to non-statutory subject matter.

The court applied a machine-or-transformation test in the analysis. The court also indicated that for §101 scrutiny, the claims as a whole as well as the disclosure are analyzed.

In the instant case, Appellants method claims are directed to the generation of redeemable electronic coupons by:

“... automatically obtaining market demand data from defines sources of online auction”;

“... conducting online auctions using defined parameters for specified goods and/or services for getting market information, wherein said parameters comprise non-quantitative attributes comprising cultural attributes of bidders of said online auctions”;

“...storing and analyzing the data obtained from said online auctions or said conducted auctions to estimate demand and calculate promotion scheme parameters for issue of redeemable electronic coupons, wherein said means for storing and analyzing the demand data is a statistical means that generates the promotion scheme parameters for different market segments and receives the data from an electronic coupon issuing system as a feedback in order to dynamically learn, adapt and improve generation of said promotion scheme parameters...”;

“...generating said redeemable electronic coupons.”

Thus, it is clear that a transformation is performed to generate “said redeemable coupons.” Accordingly claims 20-37 generating redeemable coupons are directed to statutory subject matter under the transformation portion of the machine-or-transformation test clarified in the *Bilski* decision (footnote)



Moreover, Applicants note that the 3/29/2004 Communication rejected claims 1-61 under 35 U.S.C. § 101 as failing to provide a concrete, useful and tangible result. Applicants clarified the claims by amendment to recite "... generating said redeemable electronic coupons." Thus, the withdrawal of the 35 U.S.C. § 101 rejection in the 10/21/2004 Communication indicates acceptance that said "...generating said redeemable coupons" provided a concrete, useful and tangible result. That is, the 10/21/2004 Communication withdrawal of the rejection indicates agreement that the recited feature transforms data into a concrete, tangible and useful coupon.

Thus, the Examiner's earlier factual finding that "...generating said redeemable coupons" produces a concrete, useful and tangible result is also helpful when applied to the machine-or-transformation test, and clearly supports Appellant's contention that the method performs a transformation. Thus, claims 20-37 are directed to statutory subject matter.

Appellants submit that the prior art of record does not teach or suggest at least the features directed to:

"... automatically obtaining market demand data ..."

"... conducting online auctions using defined parameters for specified goods and/or services for getting market information, wherein said parameters comprise non-quantitative attributes comprising cultural attributes of bidders of said online auctions"

"...storing and analyzing the data obtained from said online auctions or said conducted auctions to estimate demand and calculate promotion scheme parameters for issue of redeemable electronic coupons..."

"...generating said redeemable electronic coupons.", as recited in independent claims 1, 20 and 39 and the features of the dependent claims as argued above.

Therefore, Appellants respectfully request that the Board reconsider and withdraw the rejections of all of the pending claims, i.e., claims 1-5, 7-18, 20-24, 26-37, 39-43, 45-56 and 58-61 and pass these claims to issue.

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Please charge any deficiencies and credit any overpayments to Attorney's Deposit  
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Respectfully submitted,

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